

PLANNING FOR THE GREY TSUNAMI HOUSING SHOCK IN THE CITY OF TORONTO:
ON MAKING RETIREMENT HOMES MORE ATTRACTIVE TO AGING BABY BOOMERS AND
PRIVATE DEVELOPERS

by

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ABSTRACT

The City of Toronto is undergoing a significant demographic shift as a result of the aging 'Baby Boom' generation, the first of whom turned 65 years old in 2011. By 2031, the seniors population in Toronto is expected to almost double, increasing to 22 percent of the total population (Hemson Consulting Ltd, 2012) from only 14 percent in 2011 (Statistics Canada, 2011). This will produce a number of housing related planning challenges for the City, as aging Boomers are expected to demand an increasing amount of housing. This estimate is used to approximate the potential housing limitations in 2021 and 2031. As the largest seniors demand is projected to be for ground-related private dwellings, whose supply is physically constrained, the report will investigate the benefits of developing retirement homes to meet the growing seniors housing demand. The two-fold challenge to increase the stock and capture rate of retirement homes in Toronto will be examined. Creative mechanisms will be proposed for the City to incentivize retirement homes development and for potential developers to attract Boomer seniors to retirement homes.

Key words: seniors; planning; aging population; housing; seniors housing

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Contents

- 1.0 INTRODUCTION1
- 1.1 CONTEXT1
- 1.2 PROBLEM STATEMENT1
- 1.3 PURPOSE & GOALS3
- 2.0 QUANTIFYING THE FUTURE SENIOR HOUSING CONDITION.....4
- 2.1 PROJECTIONS METHODOLOGY4
- 2.1.1 Private Dwellings4
- 2.1.2 Collective Dwellings – Retirement Homes8
- 2.2 POPULATION FORECASTS10
- 2.3 HOUSING DEMAND FORECAST – PRIVATE DWELLINGS11
- 2.4 HOUSING DEMAND FORECAST – COLLECTIVE DWELLINGS14
- 3.0 FORECASTING SENIORS’ HOUSING PREFERENCES15
- 3.1 INCOME TRENDS.....15
- 3.1.1 Pension Plans Trends.....16
- 3.1.2 Savings Trends17
- 3.1.3 Old Age Security/Guaranteed Income Supplement (OAS/GIS) Trends17
- 3.1.4 Debt Trends17
- 3.1.5 Home Equity Trends18
- 3.2 HOUSING PREFERENCES18
- 3.3 AMENITIES + FEATURES.....21
- 4.0 BENEFITS OF RETIREMENT HOMES24
- 5.0 DEVELOPING RETIREMENT HOMES? CHALLENGES + OPPORTUNITIES.....26
- 5.1 STABILITY OF RETURNS.....27
- 5.2 REGULATION & LICENSING27
- 5.3 BARRIERS TO ENTRY28
- 5.4 ELASTICITY OF DEMAND28
- 5.5 OPERATING RISKS + MARGINS.....29
- 5.6 OPPORTUNITIES.....29
- 6.0 POLICY IMPLICATIONS & RECOMMENDATIONS.....31
- 6.1 FINANCIAL INCENTIVES.....32
- 6.2 DEVELOPMENT PROCESS + DEVELOPMENT CHARGES.....32
- 6.3 EMPLOYMENT LANDS.....33

6.4 SECTION 37 AGREEMENTS.....	33
7.0 CONCLUSION + DIRECTION FOR FURTHER WORK.....	34
APPENDIX – FORECASTING TABLES	35
REFERENCES.....	40
GLOSSARY	44

List of Tables

[Table 1](#): Seniors cohorts in the City of Toronto between 2006 and 2031

[Table 2](#): Seniors living in private dwellings in the City of Toronto, 2021 and 2031

[Table 3](#): Average household sizes by dwelling type and age cohort in the City of Toronto, 2006

[Table 4](#): Senior demand for retirement home beds in the City of Toronto, 2006 to 2031

[Table 5](#): Seniors living in retirement homes in the City of Toronto, 2006

[Table 6](#): Seniors living in collective dwellings in the City of Toronto, 2021 and 2031

[Table 7](#): Proportion of seniors living in collective dwellings living in retirement homes in the City of Toronto, 2021 and 2031

[Table 8](#): Projected population increase of individuals 65+ in the City of Toronto

[Table 9](#): Current and forecasted future seniors population by private dwelling type in the City of Toronto

[Table 10](#): Proportion of seniors and non-seniors forecasted to demand single-family homes and rental apartments in the City of Toronto

[Table 11](#): Current and forecasted future seniors demand for retirement home beds in the City of Toronto

[Table 12](#): Survey of Baby Boomer preferences

[Table 13](#): List of government funding programs categorized by targeted stakeholder

List of Figures

[Figure 1](#): Change in overall demand for private seniors housing in the City of Toronto

[Figure 2](#): Estimated income replacement by each pillar of retirement income system

[Figure 3](#): Venn diagram demonstrating forecasted future seniors housing preferences by category

[Figure 4](#): SWOT analysis of senior housing investments

1.0 INTRODUCTION

1.1 CONTEXT

The City of Toronto (hereinafter referred to as ‘the City’) is undergoing a significant demographic shift as a result of its aging post-war ‘*Baby Boom*’¹ population. According to the 2011 Canadian Census, there are currently 377,440 people over the age of 65 living in Toronto, accounting for nearly 15 percent of the City’s population (Statistics Canada, 2011). By 2031, the number of *seniors*² in Toronto is anticipated to increase to nearly 700,000, accounting for over 20 percent of the City’s total population (Hemson Consulting Ltd, 2012). This forecasted growth will require nuanced approaches to community planning to minimize the impact on neighborhoods, infrastructure, families and seniors themselves.

The present *housing* stock in Toronto was not designed to meet the changing needs of an aging population. The City’s housing stock is primarily dominated by two forms of housing – single-family detached dwellings and high-rise apartments or condominiums, which were intended to meet the needs of the households who first occupied those units, including young couples, new families and the working class (Statistics Canada, 2011). Moreover, many neighborhoods presently occupied by seniors were not planned to meet their changed housing needs, causing issues related to safety, isolation, accessibility, and mobility (Statistics Canada, 2011). At the same time, future seniors are expected to challenge traditional understandings of *retirement*, including housing preferences, lifestyle and amenities.

Shifts in the age structure of Toronto’s population will influence the types of housing demanded over time. As Toronto’s population ages, the demand for certain housing types could increase beyond the present supply. This projected mismatch between the City’s existing housing supply and the future housing demands of its aging and changing population is exacerbated by provincial and municipal budget constraints, declining senior savings and financial resources, increasing life expectancy, unprecedented ethnic, cultural and physical diversity, as well as untraditional aging preferences and needs (Freedman, 1999). As the largest generation in Canada’s history approaches retirement, the City will be challenged to quickly and effectively respond to the changing housing needs and preferences of the Baby Boomer Generation (Littlefield & McNulty, 2012).

1.2 PROBLEM STATEMENT

Toronto’s aging Baby Boomer population is forecasted to demand an increasing amount of housing, which could exceed the present housing capacity. This forecasted senior housing shortage is obscured by changing senior preferences and lifestyle expectations, which complicate forecasting and planning for new housing. The traditional understanding and expectations of retirement will be reinvented by the Boomer seniors, as many are “not content with what institutions have to offer” (Durrett, 2009, p.11). In accord, future senior housing options and homecare services should not be based on past and present seniors’ lifestyle and preferences, but rather on forecasted Boomer seniors preferences for retirement living (Hansen & Scharlach, 2012).

¹ The Baby Boomer population refers to the generation of children born after WW2 between 1946 and 1964.

² The term *Senior* corresponds to the age criteria used by the City of Toronto, which defines a senior as a person 65 years or older (Statistics Canada 2006). *Senior* is often used interchangeably with other terms in this report, including, ‘elder’ and ‘retired’.

Toronto's present population, as well as its future seniors population, is highly diverse in terms of age, culture and financial resources (Bookman, 2008), producing a wide range of retirement housing expectations and preferences. This, coupled with a dramatic change in Toronto's demographic composition, will present the municipal government with a number of challenges, many of which cannot be accurately forecasted at present. Toronto's Baby Boomer households comprise such a significant group that small shifts in their housing occupancy trends will continue to have a dramatic impact on market trends (City of Toronto, 2012). There is limited research on the potential impact of the senior population on the Toronto housing market, and on the preferences and expectations of future seniors. As a consequence, there is a relatively limited body of research currently available to inform policy makers on the future demand for senior housing and how that might impact the existing housing stock.

Present senior housing policy primarily supports '*aging-in-place*'³, offering options for financing and providing home care and minor accessibility related home modifications. While aging-in-place offers seniors the ability to stay at home longer, it is not necessarily the best solution for many seniors who are living in 'non-elderly friendly' neighborhoods with minimal services, compromised safety and poor transit access. According to a Scotiabank senior economist and real estate specialist, an aging population will not fuel a demographically induced selloff in Canadian real estate, as people grow more attached to their homes as they age, which effectively lowers the levels of housing turnovers, sales and listings (Bouw, 2013). This could contribute to rising home prices in the City and an increase in the relative appeal of suburban homeownership.

The future challenge for the City will be to meet the growing and changing housing needs of the future senior population, which will demand a wide range of seniors housing options. Given limited government resources, the City will have to rely on alternative sources of financing new senior housing infrastructure, and particularly *retirement homes*. While private development could help to bolster this initiative, there are a number of challenges that limit profitability and feasibility, deterring potential developers from investing in the retirement home industry. At the same time, the present capture rate⁴ for retirement homes in Toronto is relatively low, which suggests that only a small portion of seniors live in retirement homes. This two-fold challenge to increase the stock and capture rate of retirement homes will require creative mechanisms for the City to incentivize retirement home development and for potential developers to attract Boomer seniors.

³ Aging in Place refers to the experience of people living in their own homes as they age. The ability to successfully age in place is affected by changes in health, family and economic circumstance (City of Toronto, 2006).

⁴ Capture Rate refers to the total number of retirement home residents in a defined geographic area, for example a county, divided by the total number of persons living in that area who are most likely to live in this type of facility. CMHC has established the target age group as 75years and older (CMHC, 2013).

1.3 PURPOSE & GOALS

A well planned city is one that encourages a safe and equitable living space for all its citizens, regardless of nationality, gender, race, and/or age. In particular, a successfully planned city is one that offers adequate housing for all its inhabitants without prejudice. For this reason, planning for senior housing, and their specific and changing needs, is integral to good city planning, as seniors play an important role in society. Many older adults are committed, long-time residents of communities who contribute their time and energy to local issues (Alley et. al., 2013). At the same time, planning for senior housing should aim to ensure that intergenerational equity in terms of housing affordability is considered.

It is the goal of this report to inform readers on the upcoming senior housing condition and to recommend how best the City can plan to address this housing challenge through new policies and incentives that encourage public-private partnerships in retirement housing development. To achieve this, the report will first endeavor to quantify the future senior housing challenge by forecasting future seniors' demand for housing by dwelling type and analyzing to what extent the present housing stock can support that change in demand. Next, the report will examine other factors and trends like future preferences and savings and income, which are not included in the baseline forecast, but certainly still affect senior housing preferences.

In an effort to 'resolve' the forecasted housing supply and demand mismatch, the report will then consider the benefits of retirement homes, as well as the opportunities and challenges associated with their development. While Boomer seniors may not prefer institutional housing (Gerace, February 2012), an analysis of their amenity expectations will highlight the ways in which retirement homes could better meet Boomer senior's changing lifestyles and offer the comforts of home. Finally, policy implications and recommendations for ways in which the government can incentivize retirement home development, considering the earlier identified challenges, will be proposed.

2.0 QUANTIFYING THE FUTURE SENIOR HOUSING CONDITION

To effectively plan for the future senior housing challenge requires accurate forecasting of the future seniors population and its demand for housing.

2.1 PROJECTIONS METHODOLOGY

Future seniors' (aged 65+) demand for housing by dwelling type in 2021 and 2031 was forecasted using the following methodology. Two sources of data were used: the *Growth Plan for the Greater Golden Horseshoe* and Statistics Canada's 2006 Census data. The 2012 update to the *Growth Plan for the Greater Golden Horseshoe* (Hemson Consulting, 2012) provided population forecasts by age, and Statistics Canada's 2006 Census provided data on current population, income and dwelling types. Comparable data from the 2011 census and National Household Survey are not yet available.

Dwelling type and household income data were cross-tabulated with age, to determine income and housing profiles by age cohorts in the City of Toronto. The age data was organized in five-year cohorts (e.g., 40 to 44). Total household annual income was organized in \$20,000 increments (e.g., \$20,000 to \$40,000). Census dwelling types include: single-detached, semi-detached, row houses, duplexes, apartments in buildings higher than five storeys and apartments in buildings less than five storeys.

This data provided the basis for two forecasts:

- Seniors demand for *private dwellings* (Section 2.1.1)
- Seniors demand for *collective dwellings* (Section 2.1.2)

2.1.1 Private Dwellings

Seniors' demand for private dwellings includes the following dwelling types: single-family homes (single-detached, semi-detached, row houses), condominiums and apartments. The following methodology was used to forecast seniors' demand for private dwellings in Toronto:

Step 1: Define future seniors cohorts

Future seniors age cohorts for the study were defined based on the age cohorts in 2006 that would be 65 and over in 2021 and 2031 (see Table 1 below). In simpler terms, the study includes anyone 50 and above in 2006 as they will be seniors in 2021 forecasts, and anyone above 40 in 2006 as they will be seniors in 2031.

Table 1: Seniors cohorts in the City of Toronto, 2006 – 2031

Age, 2006	Age, 2021	Age, 2031
40-44	55-59	65-69
45-49	60-64	70-74
50-54	65-69	75-79
55-59	70-74	80-84
60-64	75-79	85+
65-69	80-84	-
70-74	85+	-
75-79	-	-

80-84	-	-
85+	-	-

Data Source: Statistics Canada, 2006

Step 2: Determine housing characteristics of pre-seniors in 2006

The next step was to determine what dwelling types residents who will be seniors in 2021 and 2031 reside in today. This was determined by obtaining census age cohort data that was cross-tabulated with private dwelling types. This step provided the overall estimate of future seniors living in each dwelling type.

Step 3: Calculate the proportion of pre-seniors in 2006 in each housing type by age cohort

The proportion of residents living in each dwelling type in each age cohort was then calculated by dividing the number of residents in each type by the total number of residents in each cohort. The result was the proportion (or percentage) of residents living in all private dwelling types in 2006 for each five-year age cohort.

Step 4: Forecast the number of seniors living in private dwellings in 2021 and 2031

The update to the Growth Plan's population forecasts for 2021 and 2031 was used to forecast the number of seniors living in private dwellings in those years. In order to estimate the number of seniors in private dwellings in 2021 and 2031, the percentage of 2006 seniors that live in private dwellings (94 percent) was used. To calculate the number of seniors living in private dwellings in 2021 and 2031, 94 per cent of the population forecasts in each age cohort in 2021 and 2031 was calculated (Table 2). It is worth noting here that the number of seniors in private dwellings significantly decreases between the 75-79 and 80+ age cohorts, likely because it is around this age that seniors' health declines and care requirements increase, demanding a change in housing (either to a long-term care home, hospice, hospital, etc.). For this reason, the percentage of seniors living in private dwellings was used as opposed to the proportion of pre-seniors.

Table 2: Seniors living in private dwellings in the City of Toronto, 2021 and 2031

Age Cohort	Population 2021	Estimated Seniors in Private Dwellings
65-69	151,930	142,814
70-74	127,580	119,925
75-79	87,590	82,335
80-84	65,310	61,391
85+	79,990	75,191
Age Cohort	Population 2031	Estimated Seniors in Private Dwellings
65-69	191,620	180,123
70-74	168,820	158,691
75-79	133,950	125,913
80-84	101,570	95,476
85+	102,000	95,880

Data Source: Statistics Canada, 2006 and Hemson Consulting, 2012.

Step 5: Forecast seniors demand in 2021 and 2031 based on pre-senior housing characteristics

The previous step provides an estimate of the total number of seniors living in private dwellings in 2021 and 2031. Assuming that people tend to stay in the types of dwellings that they currently reside in as they age, the proportions calculated in Step 3 can be applied to the total number of future seniors in private dwellings. As housing characteristics for pre-seniors in 2006 varies significantly from current seniors, projections were based on future seniors' present preferences as opposed to on present seniors' housing choices.

The age cohorts in 2006 (from Step 1) were matched to age cohorts in 2021 and 2031, and the proportion of age cohorts in each housing type from Step 3 was applied to the projections in Step 4. For example, the proportion of individuals aged 50 to 54 in each housing type in 2006 from Step 3 was applied to the projections for the 65 to 69 age cohort in 2021 and the 75 to 79 age cohort in 2031 (see Appendix Table A.3). The result is an estimate of how many individual seniors may be living in each dwelling type in 2021 and 2031.

Step 6: Calculate household size to convert individual senior housing demand to senior-led household demand

While the individual demand is useful in terms of knowing how many seniors will demand certain dwelling types, it is more relevant to approximate the number of dwellings that will be required to meet this demand. This requires calculating how many senior-led households will demand each dwelling type. The first step in determining dwelling demand from individual demand was to choose an average household size for each age cohort. As household size generally decreases with age, due to children moving out or to loss of a spouse or partner, the average household size of seniors in 2006 was used to approximate the size of future seniors households.

To refine the forecasts, the current senior household size was calculated by age cohort, dwelling type, and tenure. Table 3 below provides a list of average household sizes by dwelling type for each cohort.

Table 3: Average household sizes by dwelling type and age cohort in the City of Toronto, 2006

Dwelling Type	Average Household Size by Age Cohort				
	65-69	70-74	75-79	80-84	85+
Single detached	1.85	1.79	1.62	1.53	1.52
Single Detached Owned	1.86	1.79	1.62	1.52	1.52
Single Detached Rented	1.79	1.72	1.12	1.81	1.67
Semi-Detached	1.93	1.81	1.62	1.58	1.58
Semi Detached Owned	1.92	1.81	1.62	1.58	1.56
Semi Detached Rented	2.06	1.79	1.31	1.47	2.00
Row House	1.84	1.92	1.98	1.92	2.38
Row House Owned	1.89	1.99	2.00	1.93	2.31
Row House Rented	1.66	1.65	1.09	1.90	3.00
Duplex	1.87	1.99	1.70	1.75	1.74
Duplex Owned	1.91	2.04	1.74	1.73	1.74
Duplex Rented	1.71	1.76	1.69	1.88	1.81
Apartment >5storeys	1.50	1.46	1.36	1.27	1.20
Apartment >5 storeys Owned	1.70	1.61	1.47	1.37	1.33
Apartment >5 storeys Rented	1.41	1.37	1.30	1.22	1.14
Apartment <5 storeys	1.57	1.59	1.50	1.46	1.43
Apartment <5 storeys Owned	1.79	1.84	1.67	1.61	1.77
Apartment <5 storeys Rented	1.38	1.39	1.18	1.33	1.23

Data Source: Statistics Canada 2006 and Hemson Consulting 2012

Step 7: Determining Demand by Number of Dwellings

The household sizes shown above were applied to the corresponding age cohorts, dwelling types and tenures in 2021 and 2031 by dividing the number of people in those categories by the corresponding average household size. The result was a base forecast of demand for private dwellings in 2021 and 2031, which will be discussed further in Section 2.3.

The forecast provides only an estimate of the possible impacts of demographic transition on the local housing market if the same proportion of dwelling types is occupied by seniors in 2021 and 2031 as they are by pre-seniors in 2006.

2.1.2 Collective Dwellings – Retirement Homes

The forecasted demand for private dwellings excludes the demand for collective dwellings, which includes *long-term care homes* and retirement homes, where 6 percent of Toronto seniors lived in 2006 (Statistics Canada, 2011).

An estimate of the number of retirement home beds in the City in 2008 was obtained from the City of Toronto’s Open Data GIS files. Demand was difficult to determine because the data do not offer cross-tabulations with age cohorts. Two methods for determining future collective housing demand were utilized:

METHOD 1: GROWTH RATES

Based on the updated Growth Plan projections (Hemson Consulting, 2012), the growth rates between 2006 and 2021, and 2021 and 2031, were calculated. These growth rates were then applied to retirement home figures to yield an estimate of demand. This method assumes that the overall growth rate of the senior population will be the same as the growth rate of demand for retirement homes.

Table 4: Senior demand for Retirement Home beds in the City of Toronto, 2006-2031

Retirement Home Beds	
Demand for retirement home beds, 2006	5,389
Seniors population percentage growth, 2006-2021	59.6%
Increase in number of retirement home beds demanded, 2021	1,681
Estimated demand for retirement home beds, 2021	7,070
Percentage population growth, 2021-2031	31.2%
Increase in demand, 2031	2,206
Estimated demand for retirement home beds, 2031	9,276

Data Source: Hemson Consulting 2012, Statistic Canada 2006, and City of Toronto 2008

METHOD 2: PROPORTIONS

Step 1: Calculate the Proportion of Current Seniors Living in Retirement Homes

The number of seniors living in collective dwellings in 2006 was 22,820 (6 percent of the total seniors population). The number of seniors living in retirement homes according to Toronto’s Open Data was used to determine the proportion of seniors living in retirement homes. The total number of beds currently in demand (occupied beds plus wait list) was used. The results are shown below.

Table 5: Seniors Living in Retirement Homes in the City of Toronto

Retirement Home Beds	
Seniors population in collective households, 2006	22,820
Retirement home beds occupied, 2008	5,389
Percentage of seniors in collective dwellings in retirement home beds	23.6%

Data Source: Statistics Canada, 2011; Toronto Open Data, 2008

Step 2: Determine Number of Seniors in Collective Dwellings in 2021 and 2031

Approximately 6 percent of seniors in 2011 lived in collective dwellings. To determine how many seniors will be in collective dwellings in 2021 and 2031, that proportion (6 percent) was applied to the forecasted population numbers provided by Hemson Consulting Ltd., 2012. The results are shown below.

Table 6: Seniors in Collective Dwellings in the City of Toronto, 2021 and 2031

Age Cohort	Population 2021	Estimated Seniors in Collective Dwellings
65-69	151,930	9,116
70-74	127,580	7,655
75-79	87,590	5,255
80-84	65,310	3,919
85+	79,990	4,799
Total	512,400	30,744
Age Cohort	Population 2031	Estimated Seniors in Collective Dwellings
65-69	191,620	11,497
70-74	168,820	10,129
75-79	133,950	8,037
80-84	101,570	6,094
85+	102,000	6,120
Total	697,960	41,877

Data Source: Hemson Consulting Ltd., 2012; Statistics Canada, 2011

Step 3: Apply Retirement Home Proportions

The proportions of seniors living in retirement homes (determined in Step 1) were applied to the forecasted population numbers. The results are shown below.

Table 7: Proportion of seniors in Collective Dwellings living in Retirement Homes in 2021 and 2031

Seniors Living in Retirement Homes	% or #
Proportion of seniors in collective dwellings living in retirement homes, 2006	23.6%
Estimated number of seniors living in collective dwellings, 2021	30,744
Estimated demand for retirement care beds, 2021	7,256
Estimate of Seniors living in Collective Dwellings in 2031	41,877
Estimated demand for retirement home beds, 2031	9,883

Data Source: Hemson Consulting Ltd., 2012; Statistics Canada, 2011; Toronto Open Data, 2008

Generally, the two methods of forecasting collective dwelling and retirement homes demand by future seniors demonstrate similar results, which will be discussed further in Section 2.4.

2.2 POPULATION FORECASTS

The senior population in the City of Toronto is expected to significantly increase over the next two decades, nearly doubling by 2031. Population forecasts prepared by Hemson Consulting Ltd. in 2012 for cities within the Greater Golden Horseshoe project a significant increase in the number of seniors from 2006 to 2031. According to the forecasts, the number of seniors living in the City is projected to increase from 333,480 in 2006 to 512,400 in 2021 and to 697,960 in 2031. While there are many different population forecasts produced by different agencies and departments, all projections indicate that the senior population will be the fastest growing cohort in the City of Toronto (City of Toronto, 2012).

Table 8: Projected population increase of individuals 65 and above in the City of Toronto

Seniors Population Forecast			
Population	2011	2021	2031
Toronto Population	2,724,530	2,975,080	3,192,970
Toronto Seniors Population	377,480	512,400	697,960
Percentage of population 65 and over	13.9%	17.2%	21.9%
Senior population percentage increase from previous decade	11.7%	35.7%	36.0%

Source: Statistics Canada, 2011 Census; Hemson Consulting Ltd., 2012

2.3 HOUSING DEMAND FORECAST – PRIVATE DWELLINGS

The housing demand forecast for private dwellings projects the number of each private dwelling type that will be demanded by seniors in Toronto in 2021 and 2031 based on where they (pre-seniors) lived in 2006. The dwelling types that future seniors resided in in 2006 were projected into 2031 to help quantify the number of dwellings that might be required if future seniors either stay in their current locations or move to similar housing types. Table 9 illustrates the number of current seniors and future seniors living in each dwelling type in 2006.

Assuming pre-seniors will continue to reside in their current home or move to a similar dwelling type and that homeownership and rental rates remain constant, the forecast results infer that, there will be an increase in demand for all types of housing by 2031 (refer to Figure 1). In specific, single-detached dwellings and apartments will be in shortest supply, as the demand for single-family dwellings (single detached, semi-detached and row houses) is forecasted to increase by more than 80,000 units by 2031. Meeting the demand for this housing type may prove to be a challenge, as the land supply is physically constrained and new developments in the City are typically denser. Between 2001 and 2006, the share of ground-related housing in Toronto dropped to 10 percent of all dwelling units built (City of Toronto, August 2012). Similarly, between July 2006 and June 2011, only 7 percent of all active residential development proposals received by the City represented ground-related units (City of Toronto, August 2012).

Table 9: Current and forecasted future seniors by private dwelling type

Type of Dwelling	Total Dwellings by Type 2006	Senior Occupied Dwellings by Type 2006	Forecasted Senior Demand by Type 2031
Single-detached	267,025	80,205	131,302
Owned	252,290	78,595	125,166
Rented	14,735	1,595	6,260
Semi-detached	70,300	17,260	34,759
Owned	64,155	16,705	32,673
Rented	6,145	16,705	2,262
Row House	55,045	7,300	24,062
Owned	37,685	5,900	17,057
Rented	17,365	1,400	7,393
Duplex	43,180	6,465	16,986
Owned	26,920	5,365	12,337
Rented	16,260	1,100	4,915
Apartment larger than five storeys	375,990	80,820	129,170
Owned	105,750	28,635	35,193
Rented	270,240	52,180	95,933
Apartment with five storeys or fewer	161,275	19,520	56,319
Owned	44,260	8,865	19,123
Rented	117,010	10,655	39,216
Total dwellings	972,815	211,570	390,511
Total owned dwellings	531,060	144,065	239,267
Total rented dwellings	441,755	67,490	155,979

Source: Statistics Canada Census, 2006

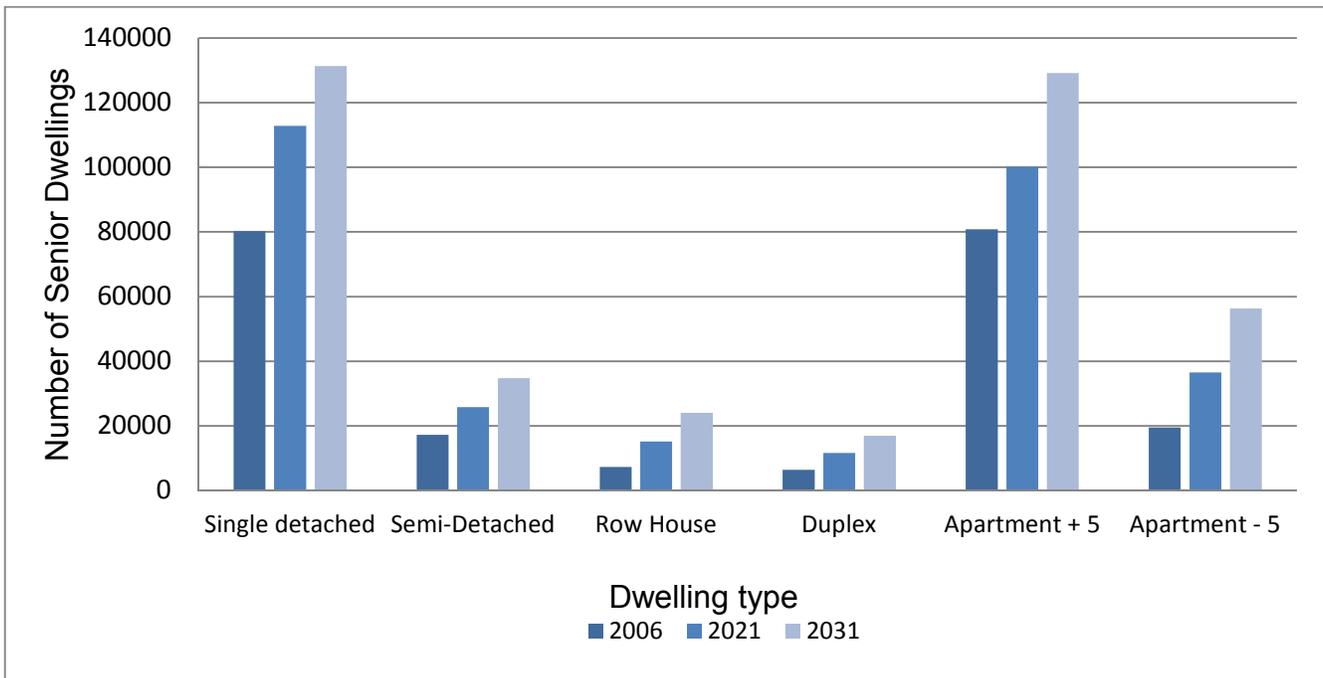


Figure 1: **Change in overall demand for private seniors housing.** Source: Hemson Consulting Ltd, 2012; Statistics Canada, 2006

Table 10: **Proportion of seniors and non-seniors forecasted to demand single-family homes and rental apartments in the City of Toronto.**

Single Family Dwellings	2006	2031
Percentage occupied by seniors	27%	51%
Percentage of occupied by other age cohorts	73%	49%
Rental Apartments		
Percentage occupied by seniors	16%	37%
Percentage occupied by other age cohorts	84%	63%
Condos		
Percentage occupied by seniors	36%	39%
Percentage occupied by other age cohorts	66%	61%

Source: Hemson Consulting Ltd., 2012; Statistics Canada, 2006

While informative in approximating future supply demand challenges, the projections do not consider future senior income and savings, or housing preferences and lifestyle expectations, which impact housing choices. This will be discussed further in Section 3.2.2.

2.4 HOUSING DEMAND FORECAST – COLLECTIVE DWELLINGS

Roughly 6 percent of the senior population presently lived in collective housing in 2006, including retirement homes, long-term care homes, hospices and hospitals. The forecast projects an increase in the demand for retirement home beds in the City (Table 11).

Table 11: Current and forecasted future seniors demand for retirement home beds in the City of Toronto

Retirement Home Demand & Supply	
Retirement Home Bed Supply, 2006	5,389
Estimated Retirement Home Bed Demand, 2021	7,070-7,256
Estimated Retirement Home Bed Demand, 2031	9,276-9,883

There were approximately 5,400 retirement home beds in the City in 2006. With the predicted increase in the proportion of senior renters, who are more than twice as likely as homeowners to move, it is projected that there will be a rise in the demand for retirement home beds. As shown in the above forecast summary, the demand could almost double by 2031, based on the forecast calculations and assuming the proportion of seniors demanding retirement home beds remains the same as in 2006.

Despite accounting for only a small portion of where seniors live, retirement homes can offer a safe and comfortable lifestyle for aging Baby Boomers. The forecasts show a definite need for more retirement home beds, but it does not comment on the quality of the retirement home experience. As other forms of housing in higher demand will be in shortest supply (i.e. ground-related private dwellings), retirement homes development beyond the projected supply requirement suggested here should be contemplated to meet growing demand for seniors housing. It will be important to better understand Boomer seniors' housing preferences and needs to better project their demand for this type of housing and to better market this type of housing to increase the capture rate. The key challenge moving forward will be to re-design retirement homes to meet the changing needs and expectations of the senior Baby Boomer generation.

3.0 FORECASTING SENIORS' HOUSING PREFERENCES

While the forecasts presented above provide meaningful insight into the potential effects of an aging population on the Toronto housing market, it does not and cannot accurately project future senior housing preferences. As people age, their preferences and needs change and therefore future seniors' housing demand cannot solely be based on their present pre-senior status. Similarly, Boomer seniors will not demand similar lifestyles and amenities that present seniors traditionally do, and therefore future seniors' housing demand cannot solely be based on the present senior profile.

The following section will summarize trends in pre-seniors income and savings and preferences, as well as broader contributing social trends, all of which impact future seniors demand for housing.

3.1 INCOME TRENDS

The adequacy of future seniors' income and savings to support housing expenditures is difficult to assess, as one cannot predict what retirement income will be available for a household saving today. In order to make a more accurate assessment of the income of future seniors, one must make assumptions about life expectancies, investment returns on assets and wage and salary growth, as well as future household expenditures, savings and taxes (Mintz, 2009). Unlike their parents, Baby Boomer seniors have fewer children to take care of them, as they typically come from larger families with many siblings, but only had a few children themselves. As a result, while their parents have/had many children to share the costs of their care, they have fewer children to rely on to offer in-home care and to bolster the costs of care as they age. On the other hand, the average income for Baby Boomers is expected to exceed that of the preceding senior cohort, despite the fact that the lowest quartile are less well off (Lusardi & Mitchell, 2007).

In general, seniors' incomes have increased significantly over the past few decades. While all groups have seen improvements over time, this general increase in welfare has not been felt equally (Senate Canada, 2009). *Income replacement*⁵ rates from *Old Age Security (OAS)* and *Guaranteed Income Supplement (GIS)*, the *Canadian Pension Plan*, and *RRSPs* using 2006 tax data for average saving rates are shown below (Figure 2). Figure 2 highlights the diversity in seniors' sources of income by their pre-retirement earnings. In general, the higher earning seniors experience low-income replacement, as they are affected by RRSP dollar limits, while those earning \$20,000 achieve a high replacement rate from public pensions despite low RRSP savings. Although the lowest-income seniors experience high income replacement rates, they still earn below the low-income cut off⁶ for households in Toronto. This suggests that the abovementioned retirement income sources do not account for significant income replacement for wealthier seniors and are insufficient to support the least wealthy seniors upon retirement.

⁵ According to Statistics Canada, income replacement refers to the extent to which income earned during an individual's working years would be replaced by various income sources in retirement. Average rates are 1.1 among individuals in the bottom income quintile (whose income is more than replaced by public pensions and other transfers) and 0.7 in the top quintile (LaRochelle-Cote, Myles & Picot, July 2010)

⁶ According to Statistics Canada, Low Income Cut-off (LICO) is a measurement for describing low income and is considered to be the income threshold at which families and individuals can reasonably be expected to be living in poverty. The LICO is based on an analysis of income and expenditures derived from annual surveys of income and family expenditure. Toronto's LICOs in 2005 ranged between \$20,778 for a single person to almost \$44,000 for a family of five (City of Toronto, 2006).

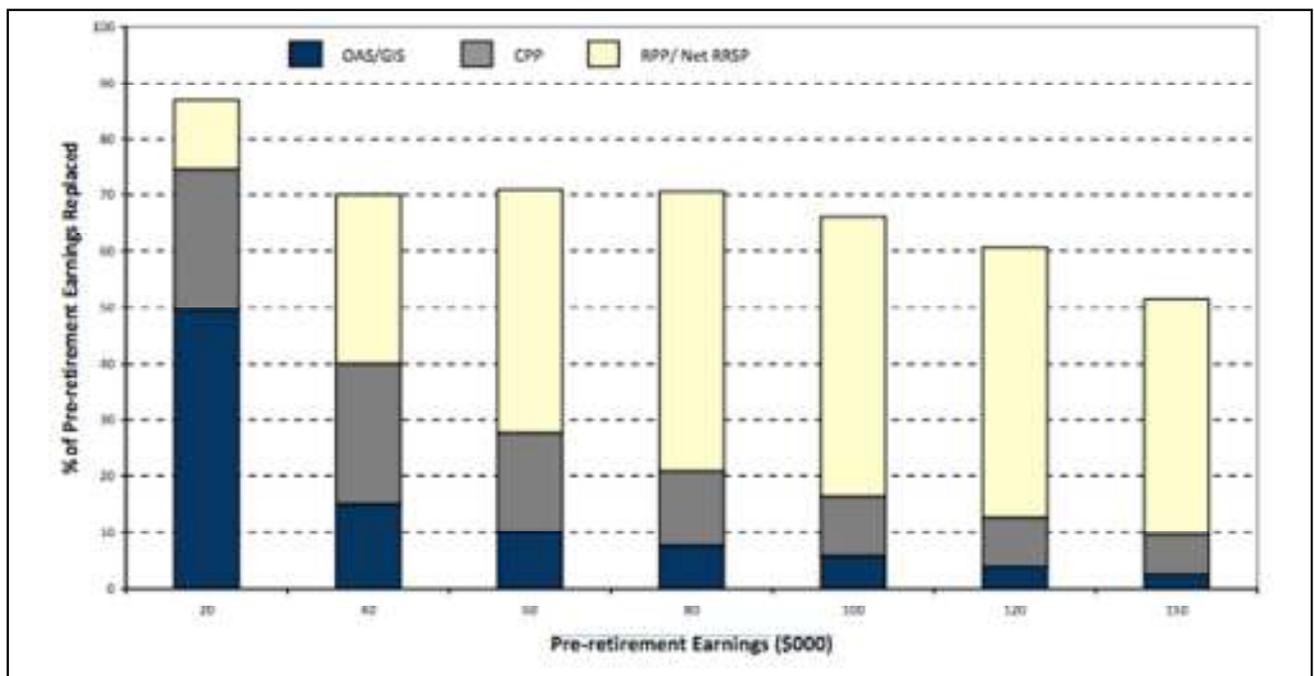


Figure 2: **Estimated income replacement by each pillar of retirement income system.**

Source: Senate Canada, 2009

3.1.1 Pension Plans Trends

In general, enrolment in pension plans in Canada has declined in the private sector and the recent financial downturn has placed greater financial strain on existing plans (Brown et. al., 2010). While private pension plans still account for a significant amount of Canadian seniors' income, the income level from this source will become less secure in the future. In recent years, there has been a shift in private pension plan benefits from a defined benefit payout to a product of the return on investment of the contributions paid, reflected by the near doubling of defined contribution⁷ plan membership between 1991 and 2006 (Gougeon, 2009). This has resulted in a shift in risk from employers to employees, affecting the relative income insecurity of seniors as they retire (Gougeon, 2009). While this feature is advantageous in periods of economic growth, as in the mid-2000s and late 90s, it can be damaging during periods of economic uncertainty such as existed after the fall of 2008 (Gougeon, 2009).

This insecurity is made worse by the fact that more Canadians, and particularly women, are in non-standard occupations with minimal or no coverage (Senate Canada, 2009). Publicly administered plans like Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) have a maximum benefit payable of only 25 percent of the average industrial wage, approximately \$40,000. The present pension plan system design does not provide sufficient economic security for women, immigrants and others who face systemic barriers in the economy (Senate Canada, 2009).

⁷ A defined contribution pension plan refers to a plan where the value of accumulated contributions is applied upon employee retirement to provide pension income. Employee benefits depend on investment profits and pension accrual rate (Gougeon, 2009).

3.1.2 Savings Trends

Registered Retirement Savings Plans (RRSPs) offer an incentive to save by exempting contributions to the plan from income taxation in the year they were earned. This encourages contributors to withdraw funds when their income and tax level is lower later in their life, as taxes are not paid until the income is withdrawn from the plan (Senate Canada, 2009). Nonetheless, less than 10 percent of Canadian seniors' private income is derived from RRSPs (Senate Canada, 2009). In addition, low-income seniors may not have had sufficient income when they were younger to accumulate significant savings and RRSPs offered no real incentive because their income was low enough to be exempt from taxation (Senate Canada, 2009). Moreover, more than 40 percent of those drawing funds from RRSPs are under the age of 65, which suggests that RRSPs are being used earlier in life to "even out bumps in employment and income", and not only for retirement income (Senate Canada, 2009). This also demonstrates a departure from the traditional school-work-retirement life-cycle, which is gradually being replaced by "diversity in trajectories into and out of paid employment" (Senate Canada, 2009).

3.1.3 Old Age Security/Guaranteed Income Supplement (OAS/GIS) Trends

Nearly two-thirds of low-income seniors receive public income through OAS, and over one-third of low-income seniors receive public income through GIS. While OAS offers maximum monthly benefits of over \$500 and GIS offers maximum monthly benefits of nearly \$650, the combined levels of OAS/GIS do not bring all seniors to the poverty line. Recent increases in food, fuel and home costs have complicated this issue, as OAS/GIS benefit levels typically do not rise through indexation as fast as basic necessity costs do (Senate Canada, 2009).

3.1.4 Debt Trends

The highest bankruptcy rates are among older individuals. The rate of insolvencies among 55–64 year olds jumped by almost 600 percent over the last two decades, while the rate for those aged 65+ soared by 1747 percent (Sauve, 2012). Seniors were 17 times more likely to become insolvent in 2010 than they were in 1990. This trend suggests that some of the future Baby Boomer seniors will fare even worse in terms of debt going into retirement (Sauve, 2012). According to CIBC's (2011) poll, "Boomers on the verge of retirement in the 55 to 64 year old age group were less likely to believe they would be able to choose to retire based on their savings, and more likely to believe they would carry debt into retirement". Moreover, 31 percent of those Boomers between 55 and 64 believe they will carry debt into retirement, compared to the 15 percent of 25-34 year olds who believe they will not carry any debt into retirement (CIBC, 2011).

According to recent studies and polls, despite waning pensions, low RRSP balances and pressures on welfare programs, many retiring Baby Boomers still prioritize maintaining their current lifestyles (Levitt, 2012). Roughly 80 percent of those surveyed in CIBC's poll indicated that they have no plans to pay off their debt anytime soon and would stay in debt throughout their retirement (CIBC, 2011). This could be a result of the historically low mortgage interest rates, which provide little incentive to pay off mortgage debt (Masson, 2013). If interest rates rise seniors with mortgage debt will be at risk of accruing greater mortgage debt (Masson, 2013). Most of that debt is expected to be in the form of mortgage debt, as The Investor Education Fund recently found that 24 percent of Canadian homeowners surveyed expect to have debt on their principal residence after they retire (Steel, March 2013). According to Cindy Levering, an actuary, part of the issue is that life expectancy is rising and "if you make it to 90 and only planned and saved enough for 85, you may not have enough to live on" (Steel, March 2013). This is made worse by the fact that many Boomer seniors intend on staying in their private homes, regardless of financial capacity to do so (HomeEquity Bank, August 2011).

This trend is further complicated by the fact that almost all Boomers surveyed by Reuters (93 percent) have “Boomerang Kids” (also referred to as the Echo Generation) who have moved back home, preventing Boomers from downsizing. The TD Canada Trust Boomer Buyers Report found that 65 percent of those polled by Environics hope to retire mortgage free; however, 39 percent of those who plan to retire in three years still have a mortgage (Chevreau, 2012). A further third intend to downsize to a smaller home as part of their retirement strategy, but of this group 17 percent are delaying implementing the plan because of adult children living at home (Chevreau, 2012). Another 12 percent plan to stay put and never downsize because they expect their “Boomerang” kids to still be living with them after they retire (Chevreau, 2012).

3.1.5 Home Equity Trends

Housing services make an important contribution to household income. When estimates of the services provided by the equity invested in housing are added to traditional estimates of income, the income of senior households in 2006 increased by between 10 and 13 percent for those in the 60 to 69 age cohort and by between 12 and 15 percent for those in the 70+ age cohort (Brown et. al., 2010).

Many Boomer seniors intend on remaining in their present homes as long as possible (HomEquity Bank, August 2011). High homeownership rates through retirement offer seniors the opportunity to leverage home equity to improve cash flow and eliminate high-interest debt, while still maintaining home ownership and contributing to retirement assets (HomEquity Bank, August 2011). As land values have significantly increased since the Boomers first purchased their homes, it is anticipated that their equity in their homes could contribute to a higher income replacement rate than predicted above. That said, the concentration of wealth (and debt) in one asset could leave many Boomers vulnerable to housing market volatility (Lusardi & Mitchell, 2007).

Overall, seniors’ expected income, pension plan security, savings, debt and home equity influences their housing preferences, which will be explored in the next section. Despite a general increase in income among seniors, the lowest quartile are less well-off than in previous decades (Lusardi & Mitchell, 2007); pension plans have become more insecure (Gougeon, 2009); RRSPs are being relied upon earlier in life (Senate Canada, 2009); and debt rates have increased (Sauve, 2012). In some cases, high homeownership rates and home equity have contributed to greater income replacement after retirement (Brown et. al., 2010). The above findings demonstrate the wide range of income and savings rates among the Boomer population, which makes necessary the provision of diverse forms of seniors housing to meet varying levels of affordability and preferences.

3.2 HOUSING PREFERENCES

Future seniors’ housing choices will be impacted by not only their income and savings upon retirement, but also broader societal trends and many personal preferences.

In terms of broader societal trends, future senior housing choices will reflect changing household characteristics, employment status, cultural norms, and health. Improved health and longer life expectancy for future seniors could mean that they will demand more independent and active lifestyle forms of housing, and will not require assisted living or long term care until later in their lives. While this offers retirement homes developers the opportunity to capitalize on residents staying for a longer period of time, it also suggests that Boomer seniors

might not perceive themselves as seniors until later in their lives, making retirement home living less desirable. In this way, Boomer seniors might choose to delay moving, meaning that they might move into a retirement home later in life.

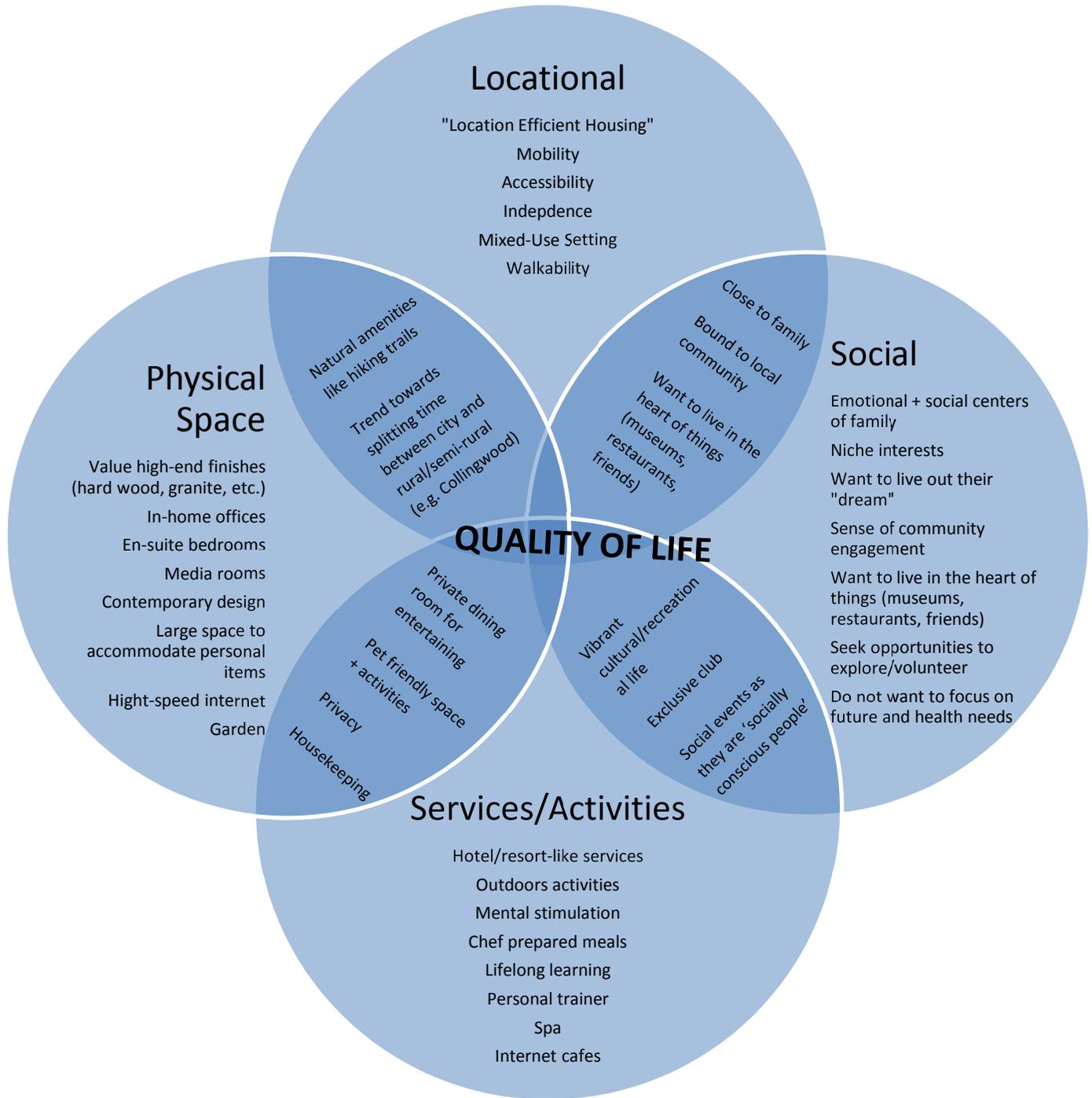
Changing patterns of work is expected to have similar effects on housing preferences. According to a CMHC survey, 72 percent of employed seniors nearing retirement admitted that they would consider working past the aged of 65 (CMHC, February 2008). The increasing age of retirement will create a demand for housing large enough to accommodate home offices and closer to potential work places. The growing tendency of the Echo Generation to stay at home longer or return to their parents' homes later in life will also change Boomer seniors' housing choices (CMHC, February 2008). Housing forms will have to be flexible so that Boomer seniors can accommodate changing household characteristics.

In contrast to their parents, Boomer seniors have fewer children who are more likely to be working and have a working spouse, limiting their capacity to care for their Boomer parents (CMHC, February 2008). Growing divorce rates and the increasing prevalence of non-traditional households (e.g. blended families with children from multiple marriages) and single-person households further reduce the prospect of Boomers' children taking care of aging Baby Boomers (CMHC, February 2008). Immigrant seniors are more likely than non-immigrant seniors to live in multi-generational homes, composed of extended families with adult children (CMHC, February 2008). Some immigrant seniors are less likely to live in institutional housing due to cultural norms, economic factors and language limitations, which limit their options and access to information and social support services (CMHC, February 2008).

These trends suggest that some Boomer seniors will be healthier and live longer than their predecessors; will want to retire later; will have to support their children for longer; and will not have children to take care of them. Based on these findings, it is reasonable to predict that Boomer seniors will demand more independent forms of housing that meet their healthier lifestyle and housing that can accommodate their children and is in close proximity to their children and potential work places.

Research on forecasting future seniors' preferences generally reflects the aforementioned trends. In general, Boomers prefer the comfort of their own home and prefer to age in place for as long as possible (AARP, 2011). Despite this finding, an investigation of their housing preferences, even those relating to their private home preferences, is valuable to inform the design and development of new future retirement homes. Future seniors' housing choices will be impacted by not only their income and savings upon retirement and broader societal trends, but also many personal preferences, such as the desire for outdoor amenities, access to public transit, walkable communities, sense of community and proximity to children and grandchildren.

The following is a Venn diagram showing the diversity of preferences future seniors are expected to have with regards to retirement housing choices:



Data Source: Lewington, July 2013; O'Brien, 2013; Kennedy, 2013; Bolt, 2007; Steel, March 2013; Gerace, February 2012; Chevreau, 2012; Bouw, March 2013

Figure 3: Venn diagram demonstrating forecasted future senior housing preferences by category.

Boomers see themselves as “healthy, agile and active”, and many expect that they will remain that way as they age (AARP, July 2011). This limited list of projected senior housing preferences suggests that Boomer seniors seek the “best of both worlds” in their housing choices – they want housing that enables a vibrant, active lifestyle with the security of knowing that future needs will be met without necessitating another move (Bolt, 2007). Retirement home developers should consider offering some of the locational, spatial, and social attributes and services outlined above in an effort to increase their capture rate in the City of Toronto. At the same time, it could also be valuable for developers to consider female-specific services and attributes, as single women account for a substantial portion of retirement home residents. Women aged 65 and over were twice as likely to live alone as men in Canada in 2011, primarily because they had higher life expectancies, older partners and were more likely than men to be widowed (CMHC, 2013).

While seniors may prefer the aforementioned attributes and services related to housing, it is also important to recognize that oftentimes what they *prefer* is at odds with what they *need* or can afford. Similarly, in many cases, it is the preferences of seniors’ children that count in making housing decisions for their elderly parents. In this way, the task of forecasting future seniors’ housing demand is complicated not only by unpredictable senior preferences, but also by the fact that senior preferences are not necessarily feasible or desirable, or a key driver in the housing decision-making process.

3.3 AMENITIES + FEATURES

A number of housing features and amenities preferred by Baby Boomers in their next home were investigated in a 2012 Royal LePage survey of over 1,000 Baby Boomers. The survey’s results, shown in Table 12, suggest that the top five features and amenities that Baby Boomers prefer most are: a backyard or balcony (69.6 percent), garage or driveway (67.8 percent), style of the home (63.5 percent), safety of the neighborhood area (61.9 percent) and square footage of property (50.2 percent) (Royal LePage, 2013).

These findings illustrate key characteristics of the Baby Boom generation that in many ways differ from their predecessors. In specific, the survey shows that Baby Boomers would prefer to move to areas that have a large enough space to accommodate a garage and backyard, rather than in accessible areas with good transit. This does not necessarily suggest that they prefer more suburban settings, but shows their desire for mobility and independence and outdoor activity. It is made clear through this survey that walkability and transit access are not important priorities, as they can rely on their personal cars to access key services, visit friends and family, and commute to work and school.

Table 12: Royal LePage Survey of Baby Boomer preferences

What features/amenities are most important to you in purchasing your next primary residence?	Percentage of Surveyed Population
Safety of the neighborhood/area	61.9
Includes a backyard or balcony	69.6
Style of the home	63.5
Garage or driveway	67.8
Square footage of the property	50.2
Green/energy efficient	27.2
Swimming pool	12.7
Proximity to work	16.7
Proximity to public transportation	29.0
Proximity to family and friends	23.3
Proximity to downtown/city core	26.3
Proximity to restaurants/entertainment	22.8
Proximity to schools or daycares	6.8
Includes a gym or fitness centre	7.0

Source: Royal LePage, 2013

While this survey is insightful in many ways, it still does not address how these preferences may change as the Baby Boomers enter retirement and the 65+ age cohort. It is difficult to predict a generation's preferences ahead of time, and this is especially true in the case of the Baby Boomers, who have redefined preceding life stages.

A study by Margaret Wylde (2009) on the willingness of retirement home residents to recommend their community to friends found that highest satisfaction rates were correlated most strongly with nonphysical attributes of the retirement home experience, in contrast to the above findings. While this study is based on present seniors, it is still noteworthy as it informs predictions on how Boomers' preferences might change with age. Wylde's study suggests that the provision of nonphysical attributes related to management and their delivery of services, ability to make residents feel at home, and provide programming that suits residents' preferences and cultures may provide a greater return on investment than physical attributes.

The combination of Royal LePage and Wylde's findings demonstrate the diversity in preferences and needs across age groups and generations. There is a need for more specific future seniors' preferences research to guide retirement home investments.

4.0 BENEFITS OF RETIREMENT HOMES

Depending on the physical and nonphysical attributes retirement homes⁸ offers to their residents, retirement homes can generate varying levels of social and health benefits to its residents.

While aging in place offers seniors the opportunity to stay at home where they have deep roots, private properties can become dangerous to senior health and safety for a range of reasons. For example, over time, a lack of maintenance or inadequate care for personal homes by aging seniors can lead to housing falling into disrepair, including issues related to inadequate heating and insulation, and damaged stairs and appliances, all of which are dangerous and costly. Seniors living in private homes can be more vulnerable to falls, reduced mental health due to isolation, and burglary and other criminal activity (IPC, June 2012).

In comparison, retirement homes can offer needs-based professional care in a safe and secure purpose-built environment with opportunity for social interaction (IPC, June 2012). Purpose built accommodation removes many of the difficulties and dangers of living in private homes, and particularly the risk of falls (IPC, June 2012). Many studies have shown improved health, well-being and efficiency for seniors in retirement homes. Moreover, although seniors typically move from their homes because of poor health, they assessed their own health as better than living on their own, according to one study (IPC, June 2012).

As compared to aging-in-place, safety, social interaction and health care needs are satisfied by professionally trained staff in retirement homes rather than by relatives, contributing to residents' mental and physical well-being (IPC, June 2012). Retirement home living also offers seniors freedom from maintaining their home and preparing meals; the ability to enjoy privacy while knowing someone is aware of their well-being; the opportunity to belong to a community of peers and participate in that community; and living in a safe and secure environment that can accommodate varying levels of physical mobility and changing care needs (ORCA, 2013). An average improvement by residents of more than 35 percent in mobility and 20 percent in functions of daily living was found in retirement homes surveyed, as well as a 25 percent reduction in the use of medication by residents after their admission (IPC, June 2012).

Outside of senior social and health benefits, retirement home living also offers a number of benefits to family and friends that often act as informal caregivers to their aging kin living alone in their private homes. Family and friends are often responsible for seniors with growing care needs despite the rise in their own work and family demands. This has resulted in a substantial burden for caregivers, including negative impacts related to work, health, financial stability and family relations (Cranswick & Dosman, 2008). Family and friends can be relieved of at least some portion of the burden of senior caregiving when seniors live in retirement homes as opposed to in their private homes.

⁸ As defined by the *Retirement Homes Act (RHA)*, a retirement home is a building that is occupied primarily by persons who are 65 or older, are occupied by at least six people not related to the operator and make available at least two of the thirteen care services set out in the Act. These include providing meals, assistance with bathing, personal hygiene, dressing or ambulation, providing a dementia care program, administering medicine, providing incontinence care or making available the services of a doctor, nurse or pharmacist (ORCA, 2013).

In terms of the local community, there are benefits to the local community when seniors choose to live in retirement homes instead of aging-in-place, as there are high costs associated with accommodating aging-in-place in neighborhoods with a significant seniors population. As shown in the below list, there are many requirements for an 'elder-friendly' community to support aging-in-place:

- I. Accessible and affordable transportation
- II. Available in-home or long-term care services
- III. A wide variety of appropriate housing options
- IV. Responsive health and long-term care
- V. Ability to obtain services with reasonable travel
- VI. Personal safety and low crime rates
- VII. Elders considered vital part of community
- VIII. Caregiver support services
- IX. Accessible public and service buildings
- X. Elder-relevant issues present in local agenda
- XI. Recognition of and response to unique needs of seniors
- XII. A wide selection of services
- XIII. Adequate pedestrian and traffic controls
- XIV. Supportive zoning for senior housing
- XV. Age-appropriate exercise facilities

Source: Alley et. al., 2007

In particular, the redesign of already developed and mature communities to offer elder-friendly neighborhoods requires significant and already scarce government funds, human capital and time. There are a number of urban design obstacles that must be addressed to ensure elder-friendly communities, including wheelchair inaccessible sidewalks, a lack of accessible public transportation and design, and a lack of diversity in types of housing (Ball, anonymous). In addition to design considerations, neighborhoods will also require more integrated aging infrastructure, with increased flexible and accessible housing, transportation, social services and health care options that meet the needs of diverse senior care needs (Alley et. al., 2007). Furthermore, existing zoning bylaws and planning processes limit the ability to address aging-related neighborhood concerns in a timely and effective manner (Ball, anonymous). Purpose-built seniors housing offers seniors adequate safety and mobility that cannot be as efficiently accommodated in communities that were not built to address the needs of an aging society.

Despite these benefits, the capture rate for the 75+ age cohort in Toronto is still only 5 percent, as compared to national average of 8.5 percent (CMHC 2013). Considering the potential health, social, economic and environmental benefits to retirement home living, there should be greater government support for the development of retirement homes.

5.0 DEVELOPING RETIREMENT HOMES? CHALLENGES + OPPORTUNITIES

Despite attractive demographics, seniors housing “is not for the faint of heart,” warns James McKellar, director of the real estate and infrastructure program at York University’s Schulich School of Business, citing increased regulation, labour costs and the mental “hurdle” for affluent seniors to choose retirement-home living.

(Lewington, Globe and Mail, 2013)

While it is still unclear what the exact housing demand will be in the future, it is clear that regardless of what type of housing is demanded, there may not be enough supply to meet the needs of a growing and aging population. In accord, the remainder of the report will consider the ways in which the government can help developers to help to increase the stock of seniors housing, and retirement homes in particular. The focus of this report is retirement homes development not because it is the only option for seniors housing (which it is not), but rather because it is purpose-built and senior-specific housing, it has a low *capture rate* which offers potential for expansion (especially compared to other provinces and Ontario cities), and it offers a unique case study of how the government can help to increase senior-specific housing through public-private partnerships. At the same time, retirement homes can offer flexible design and a wide range of amenities and services to meet a diverse and changing elderly population.

There are a number of challenges associated with the development of retirement homes that could undermine project feasibility. Moreover, there exist a wide range and number of competing services and housing options (e.g. home care, downsizing, long-term care, etc.) that further reduce the security of investment in retirement homes development.

5.1 STABILITY OF RETURNS

For-profit developers are largely concerned with the stability of their returns for any given project, as this determines the consistency of their income or cash flow year over year and in real estate boom and bust cycles⁹. The more stable the predicted returns for any investment, the more desirable the investment opportunity and the more likely a developer will choose to make that investment. There are a number of factors that impact the relative stability of returns, including the stability of funding and financing, sensitivity to market volatility and the investment time frame.

One important consideration for senior housing development is the availability and consistency of government support like subsidies. Government subsidies exist to varying degrees for long term care housing in Ontario, but not specifically for retirement homes. This funding can increase the stability of cash flow, but often comes at the expense of real growth over the long-term (Bay Bridge, June 2012). In general, more independent forms of senior housing are considered less stable due to the relative lack of government funding for their development as compared to more dependent forms of senior housing like long term care homes, which receive significant government subsidies.

The relatively high *capitalization rate*¹⁰ for senior housing investment, and particularly for retirement homes, reveals this relatively high level of risk, as the investment does not pay for itself quickly (Bay Bridge, June 2012). This is reflective of the creditworthiness of senior housing tenants and the terms of the leases, among other things (Bay Bridge, June 2012). Results of the 2012 Senior Housing Investment Survey suggests that there has been a slight downward trend for overall capitalization rates for most categories of senior housing (decreasing an average of 20 to 80 basis points between 2011 and 2012) (Senior Living Valuation Services Inc., Spring 2012). This change could be reflective of modest recovery since the late 2000's economic downturn; however, continuing weakness in local real estate markets continues to put pressure on most senior housing project occupancies and rates (Senior Living Valuation Services Inc., Spring 2012).

While the cap rate can be insightful in evaluating new developments or acquisitions for lenders and investors, its usefulness is limited by the nature of the senior housing industry. In particular, market illiquidity and the specialized management driven characteristics of the industry, as well as the general difficulty in quantifying risk and projecting cash flow, make difficult the reliance on traditional measures of evaluating real estate investments (Senior Living Valuation Services Inc., Spring 2012).

5.2 REGULATION & LICENSING

The extent of self and government regulation of any form of senior housing impacts the relative cost of development and operations. Likewise, the costs and time associated with licensing affects the desirability of developing and operating a particular type of senior housing. While regulation of retirement homes is not as strict as it is for more specialized and skilled nursing facilities, there are still required permits and approvals that

⁹ Boom and Bust cycles are characterized by alternating periods of economic growth and contraction. Historically, real estate has exhibited the most severe boom and bust cycles of any asset class, with accelerating severity in recent decades (Wachter & Orlando, 2012).

¹⁰ The Capitalization Rate refers to the overall or non-financed return on a real estate investment (CCIM Institute, 2009). A cap rate is calculated as the relationship between net operating income and an asset's value, and is related to the current state of capital markets as well as future growth outlooks (CCIM Institute, 2009). Generally, the riskier the real estate investment, the higher the cap rate.

are time-intensive. Moreover, no new bed licenses have been awarded in a very long time (C. Fisker, personal communication, August 30th, 2013).

In Ontario, retirement homes regulation has recently increased, making stricter the standards for development and operations. Until June 2012, retirement residences were self-regulated and are now held to a higher standard through increased legislation and licensing requirements (Retirement Homes Regulatory Authority (RHRA), 2013), which is a significant time and cost constraint for developers or operators. New protections under the Retirement Homes Act 2012 require a retirement home operator to ensure additional safety and to comply with provincial standards for care services for the first time (RHRA, 2013).

At the same time, however, heavy regulation and licensing is essential to ensuring a high standard of care for seniors, and can also act as a barrier to entry for many developers, thus reducing competition and increasing potential returns for potential developers.

5.3 BARRIERS TO ENTRY

In addition to regulation and licensing, provincial control of certain senior housing forms act as barriers to entry for new developers and operating companies. This is particularly the case for Long Term Care homes, where the Province controls the supply of licensed beds. Prerequisite management skills also represent a high barrier to entry into independent serviced living and assisted living.

Moreover, the capitalization rate is relatively high for senior housing – 8.0 percent to 9.0 percent for single properties or small Canadian portfolios and 6.3 percent to 8.0 percent for large Canadian portfolios (Bay Bridge, June 2012). This suggests that senior housing investment is relatively risky and will not pay for itself quickly, and therefore there is a significant opportunity cost to developing senior housing over condominiums, for example, which have similar built forms and a much lower cap rate (closer to 4 percent). Assisted and independent living properties generally have lower cap rates due to an increased amount of revenue related to real estate as opposed to services. Nursing care properties generally have higher cap rates at approximately 13 percent because a significant amount of their revenue comes from government reimbursement through health insurance (NIC, 2013). This income stream is viewed as slower growing and more at risk to budgetary pressures compared with private pay revenue (NIC, 2013).

Securing financing is a significant barrier to entry for developers, as it is near impossible for new operators or developers to obtain financing without partnering with trusted operators. Consistent with the contraction in the credit markets, underwriting standards in general have become more conservative for senior housing properties (NIC, 2013).

5.4 ELASTICITY OF DEMAND

The elasticity of demand for a particular senior housing type is generally determined by the relative homogeneity of the product, the availability and quality of comparable products, and the sensitivity of consumers to price changes (Bay Bridge, June 2012). As Long Term Care homes tend to offer a more homogeneous product with a needs-driven demand and frail consumers, potential tenants are less likely to

relocate to a competitor. In accord, the demand for Long Term Care homes is relatively inelastic, which makes investments less risky and more desirable for private developers (Bay Bridge, June 2012).

Conversely, more independent forms of senior housing like retirement homes differentiate themselves based on offering the best customer experience value proposition. Due to the competitive nature of this portion of the senior housing market, seniors have more options to choose from and greater consumer power, and are therefore more price sensitive (i.e. a more elastic demand). This makes investment less desirable for potential developers, particularly because they have to offer competitive pricing and services and it is difficult to capture significant market share. In this way, the senior housing market in Canada is highly fragmented – the top 10 largest senior living operators in Canada only account for 25.8 percent of the entire market (Bay Bridge, June 2012).

5.5 OPERATING RISKS + MARGINS

As a company's operating margin measures its capacity to pay for its fixed costs, the higher the operating margin the less financial risk. In comparison to more independent senior housing options, which have relatively high operating margins, highly assisted senior living options have much lower operating margins (Bay Bridge, June 2012). While retirement homes typically have operating margins of 40 percent to 50 percent, nursing homes typically have operating margins between 15 percent and 25 percent. Based on this indicator alone, more independent forms of senior housing are more desirable from a developer's perspective, as they have higher operating margins, which suggests higher efficiency and profit expectations (Bay Bridge, June 2012).

In most cases, the senior housing industry is both an operating service business and a real estate investment and can require a significant amount of operating personnel. In addition to staffing costs, senior housing also has costs associated with catering, administration, and insurance. Accordingly, there are a number of operating risks involved with senior housing (Lynn & Wang, 2008).

5.6 OPPORTUNITIES

Inefficiencies and high costs for government development and management of retirement homes and the subsequent low quality of care, coupled with high barriers to entry reducing profit margins for private developers, proposes a unique opportunity for public-private partnership. If the government needs it and the private development industry can supply it cheaper and with improved quality, then the government should better support the private development sector to build retirement homes.

Despite the challenges identified in Sections 4.1 to 4.5, there is still an opportunity for developers to capitalize on the growing retirement housing market, given favorable long-term demographic fundamentals and potentially high occupancy levels, as shown in the below table demonstrating the strengths, weaknesses, opportunities and threats related to investment in the American senior housing market. Despite the slight reduction in retirement homes capture rate in Ontario over the last year, which is likely a result of stronger population growth than growth in the number of residents in retirement homes, new demand for retirement homes was almost entirely directed towards newer seniors' housing developments (CMHC, 2013). Retirement homes opened in 2000 or later accounted for all the additional occupancies this past year, of which greater than two-thirds were in the GTA where new retirement homes development has been most active (CMHC, 2013). The

largest growth in occupancies within the GTA has been in the City of Toronto (CMHC, 2013). More specifically, spaces charging over \$3501 in the GTA made up a larger share of overall supply and absorbed nearly all of the increased demand (CMHC, 2013). These findings support that there is an active and growing opportunity for private developers to develop new retirement homes in higher price ranges in the City of Toronto.

SWOT Analysis

<p>STRENGTHS</p> <ul style="list-style-type: none"> ■ Long-term favorable demographics with rapid growth of senior population ■ Cost-effective living options based on well-defined business models ■ Near-term low supply and high demand ■ High occupancy levels, low turnover rates, and excellent cash flows ■ Good portfolio diversification due to low correlation with external economic factors 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> ■ Peak of the senior population still a few years away ■ Some segments have high non-real estate component ■ Long lease-up period, service intensive; requires an experienced operator ■ CCRCs have low transaction liquidity
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> ■ Focus on major market with large, growing senior populations and high occupancy ■ Rehab and reposition old senior housing properties ■ Target the booming 2nd homes for the baby boomers and possible retirement communities near university campuses ■ Explore re-development projects in high growth markets 	<p>THREATS</p> <ul style="list-style-type: none"> ■ Uncertainty in market penetration - more seniors prefer homeownership to renting ■ Record prices and low cap rates ■ Low barriers to entry and new supply can disrupt the market and reduce occupancy ■ Rising healthcare costs; dependent on government healthcare policy

Figure 4: **SWOT Analysis of Senior Housing Investments** Source: Lynn & Wang, 2008

Despite the fact that the lease-up period for retirement homes is typically long and unpredictable, occupancy rates tend to be quite stable afterwards, as seniors are a stable population with little reason to move outside of health and care requirements (Lynn & Wang, 2008). As a result, the annual turnover rates for retirement homes is approximately 50 percent, which is far less than the annual turnover rate for conventional apartments (Lynn & Wang, 2008). This is complemented by decreasing average vacancy rates and growing average monthly rent. For the last three years, vacancy rates have fallen for retirement homes in Ontario, with rates decreasing from 14.4 percent in 2012 to 13.4 percent in 2013. Growth in average monthly rent in the GTA increased by 4.5 percent in 2013, up from 2.1 percent growth in 2012, with the greatest rent growth occurring in the Former City of Toronto (CMHC, 2013). According to the CMHC (2013), this growth in average monthly rents is in part attributable to the growing share of space and declining vacancy rates in residences opening after 2000, which could place upward pressure on rents throughout 2013. This suggests that there is potential upside relating to low turnover rates, and growing vacancy rates and rent with new retirement homes.

Furthermore, seniors housing and care properties is the only real estate asset class that managed to increase rent growth during the 2009 downturn in the U.S. real estate market, according to the National Investment Centre (NIC) For the Seniors Housing & Care Industry (2013). This unique resiliency in the real estate market is a result of the senior housing market’s dual components of real estate and need-driven services (NIC, 2013). Also, with little added supply over the last few years, there has been some indication of pent-up demand for new senior housing, evidenced by increasing sales activity (NIC, 2013). These trends are all reflected in the downward trend in capitalization rates for senior housing, which is slowly catching up with conventional apartments investments (NIC, 2013).

6.0 POLICY IMPLICATIONS & RECOMMENDATIONS

The development of more retirement homes could help to address a portion of the anticipated growth in demand for senior housing in the City of Toronto. As shown, retirement homes could offer many health and social benefits to Boomer seniors and may be a good investment for developers given the aforementioned opportunities, and particularly if the government plays a more active role in encouraging this type of seniors housing.

This section is to cover potential mechanisms for incentivizing retirement homes development to meet the growing demand for seniors housing in the City of Toronto.

Federal, Provincial and Municipal funding for senior housing and infrastructure is integral to improving and maintaining housing affordability. Present funding programs are generally limited to supporting aging in place; however, a number of government programs, grants and subsidies are available to support both seniors’ housing costs and the development of senior housing (Table 13).

As compared to the high annual cost for the government to house a senior in one of the City’s long-term care homes (approximately \$56,000) (City of Toronto, January 2012), the cost of a home modification loan is much more affordable. For this reason, among others, the trend in government support and programming for seniors appears to encourage aging in place. As mentioned previously, from a planning perspective, this focus on aging-in-place might be misguided, as there are a number of negative planning consequences related to supporting seniors aging in their homes, as opposed to selling their homes and seeking alternative forms of housing.

Table 13: List of government funding programs categorized by targeted stakeholder

Government Funding Programs	
Seniors Support	<i>Toronto Renovates City of Toronto Homelessness Initiative Fund Toronto Rent Bank</i>
Caregiver Support	<i>Compassionate Care Benefit Program Family Medical Leave Tax Credits Health Homes Renovation Tax Credit</i>
Landlord Support	<i>Duty to Accommodate Toronto Renovates</i>
Developer Support	<i>CMHC Mortgage Loan Insurance CMHC Seed Funding Program Affordable Housing Incentives (property tax waiver, development charge waiver)</i>

It will become important for the City to consider alternative places for seniors to live as they age, and particularly, to encourage the development of retirement homes using strategies recommended below.

6.1 FINANCIAL INCENTIVES

The government could offer financial incentives to potential retirement home developers in exchange for helping to expand the stock of much needed senior housing in the City. For example, the government could offer government-backed mortgages for developers that are unable to receive traditional bank financing, due to the relative riskiness of retirement homes investments. At present, CMHC is the only insurer of loans for multi-unit properties, including nursing and retirement homes (CMHC, May 2013). They could also offer reductions in taxes or tax abatement for a specified period of time, to reduce the required input costs for a potential developer.

6.2 DEVELOPMENT PROCESS + DEVELOPMENT CHARGES

Retirement homes development follows a similar development process as other types of development projects in the City. These projects are subject to the same lengthy and often meticulous process of planning applications and approvals. Accordingly, the municipal government could offer an expedited development process for retirement homes projects seeking planning approvals. Similarly, they could also offer reduced development charges or permitting fees or waive all development-related fees entirely. These opportunities help to decrease the input costs and time developers are subject to before a project even begins.

In terms of the actual cost of development charges, the government could reduce or remove charges for retirement home projects to not only incentivize development but to increase affordability for future seniors (if developers are subject to higher input costs this will inevitably increase the rental costs for end users). At present, retirement homes are not typically recognized in the City of Toronto Development Charges By-Laws. Retirement home projects are typically considered apartments for calculation of development charges, despite the significant occupancy variance. Whereas apartments are considered to have an occupancy of roughly 2.2 to 2.5 persons per unit, retirement homes tend to have closer to 1.1 people per unit (C. Fisker, personal communication, July 30th, 2013). For this reason, it is not reasonable to hold retirement homes to the same standard as apartment projects for development charges calculation.

Outside of Toronto, other cities and regions calculate development charges differently for retirement home projects. In Durham, for example, non-profit retirement home developers do not have to pay any development charges (C. Fisker, personal communication, July 30th, 2013). While this could be a first step at incentivizing retirement home development, operators should not be differentiated as the impact of their development is not affected by operational differences (C. Fisker, personal communication, July 30th, 2013).

At the very least, the City could amend the Development Charges Bylaw to include a separate retirement home category and a specific fee calculation based on its average occupancy so that the charge is commensurate with its consumption of services. Alternatively, the City could classify retirement homes developments as institutional or lower density apartments (as opposed to two bedrooms or larger), which would hold them to a lower development charge. As retirement homes fall under the special needs category in Section 1.4.3 of the *Provincial Policy Statement (PPS)*, the overcharging of retirement home projects does not serve to facilitate special needs housing as required by the *PPS*. In accord, the Development Charges By-Law can be considered to be

inconsistent with the *PPS* (C. Fisker, personal communication, August 30th, 2013),¹¹ as required by subsection 3(5) of the *Planning Act*.

6.3 EMPLOYMENT LANDS

In addition to the aforementioned challenges associated with developing retirement homes, there is also a serious lack of land, and particularly affordable land, for developers to build on. At present, there are many *Employment Area* designated properties in the City that are underused, awaiting potential conversion to other uses, which could be used for retirement homes development. While retaining employment land and stimulating investment is important to the City's future economic prosperity, competitiveness and long-term fiscal sustainability, it is important that planning policy balance the land demands of both employment and residential growth in the City.

On one hand, there is a potential to lobby the government to support retirement homes as being an employment-generating operation, and thus able to operate on employment lands. On the other hand, the government could also make an exception for retirement homes to encourage their development and make simpler their acquisition of land to build retirement homes. This may not be feasible, or desirable, for *all* employment-designated properties in the City, as many are located in non-senior friendly areas; however, many sites offer unique urban contexts that could satisfy many of the earlier identified Boomer senior expectations and preferences related to mobility, accessibility and proximity to places of interest like museums and restaurants.

6.4 SECTION 37 AGREEMENTS

Section 37 agreements could be employed to provide retirement housing. In exchange for added density, the municipal government could request from other developers that they set aside land for developing retirement homes or that they build retirement homes themselves or pay a cash-in-lieu towards the development of retirement homes. In any case, the agreement would help to support the growth in the stock of retirement homes in the City.

As shown above, the municipal government can play an integral role in encouraging the development of more seniors housing in the City to help address the future housing condition. This could be achieved through a number of mechanisms, including financial incentives, expediting the development process, reducing development charges, promoting the use of Section 37 Agreements and enabling retirement homes development on Employment-designated lands.

¹¹ This argument was successfully used in Durham by Chartwell Seniors Housing REIT and Spectrum Seniors Housing Development in an appeal to the OMB that the overcharging of development fees for a retirement home project was inconsistent with the *PPS*. The Board concluded that since a development charge by-law affects planning matters, it must be consistent with the *PPS*. Chartwell was refunded for a portion of the original development fees charged (Chartwell v. Regional Municipality of Durham, February 25, 2010).

7.0 CONCLUSION + DIRECTION FOR FURTHER WORK

As demonstrated above, there will be a need for more senior housing in the City of Toronto as the Baby Boomers continue to enter the 65+ age cohort. Assuming all other things equal, and despite difficulties in quantifying exact numbers for the forecasted demand and projecting senior preferences and income, the seniors demand for all types of housing will increase as a result of an aging population. While it is forecasted that there will be a large senior demand for ground-related private dwellings, this demand cannot and arguably should not be met, and therefore alternative forms of senior housing like retirement homes should be supported by the government. Given the challenges in developing retirement homes, however, it will be integral for the municipal government to establish policies and financial incentives to make more lucrative private development of retirement homes. These incentives could include the following:

- I. Government-backed mortgages
- II. Expedite development applications process for retirement homes
- III. Reduce or remove development charges for retirement homes
- IV. Enable the development of retirement homes on Employment Lands
- V. Use Section 37 Agreements to accumulate cash-in-lieu for developing retirement homes

In addition to an increase in the supply of retirement homes, there could also be a need to increase the demand for retirement homes, as there are a number of competing forms of seniors housing and Boomer seniors prefer the comforts of their private homes. It will be important for potential developers to conduct market research to better inform the location and design of their retirement home projects, and the services and amenities offered, to attract Boomer seniors. This senior-targeted initiative could help to increase the presently relatively low capture rate for retirement homes in the City, thereby increasing the number of seniors living in retirement homes and helping to improve the future seniors housing condition in Toronto.

There is still a need for more research and information to help the City of Toronto to establish planning policies for an aging population. The following next steps have been identified for the City to consider in order to adequately respond to the housing needs of future seniors:

- I. Conduct a comprehensive housing preferences survey to help forecast future demand for each housing type. The City should consider conducting a comprehensive survey in order to better understand how residents are preparing for older age in terms of living accommodations.
- II. Collaborate with relevant groups such as the Ontario Retirement Home Communities, Retirement Homes Regulatory Authority, CMHC, Ontario Professional Planners Institute, Ontario Home Builders' Association, provincial agencies, the health care sector, and community support groups, etc. to promote awareness and to foster discussion on best practices in planning for seniors housing.
- III. The City could conduct a study to assess the current and forecasted spatial mismatch between where seniors live and where institutional housing is located to determine where new retirement homes should be located to ensure accessibility to complimentary services.

APPENDIX – FORECASTING TABLES

Table A.1: Seniors by dwelling type 2021

Age Cohort	2021 Population Projections	Number of Residents in Private Dwellings (2021)	Number of Residents in Collective Dwellings (2021)
65-69	151,930	142,814	9,116
70-74	127,580	119,925	7,655
75-79	87,590	82,335	5,255
80-84	65,310	61,391	3,919
85+	79,990	75,191	4,799
Total	512,400	481,656	30,744

Table A.2: Seniors by dwelling type 2031

Age Cohort	2031 Population Projections	Number of Residents in Private Dwellings (2031)	Number of Residents in Collective Dwellings (2031)
65-69	191,620	180,123	11,497
70-74	168,820	158,691	10,129
75-79	133,950	125,913	8,037
80-84	101,570	95,476	6,094
85+	102,000	95,880	6,120

Table A.3: Proportion of Seniors in Private Dwelling Types by Age Cohort (2006)

Age cohort	Percentage of Age Cohort (%)																	
	Single-detached house	Single-detached owned	Single-detached rented	Semi-detached house	Semi-detached house owned	Semi-detached house rented	Row House	Row House owned	Row house rented	Duplex	Duplex owned	Duplex Rented	Apartment over five storeys	Apartment over five storeys owned	Apartment over five storeys rented	Apartment five storeys and less	Apartment five storeys and less owned	Apartment five storeys and less rented
40-44 (2006) 55-59 (2021) 65-69 (2031)	31.49	29.52	1.97	9.12	8.32	0.80	6.89	4.79	2.10	5.48	3.87	1.61	31.32	8.26	23.06	15.57	5.34	10.24
45-49 (2006) 60-64 (2021) 70-74 (2031)	35.20	33.44	1.75	9.12	8.42	0.70	7.55	5.33	2.22	5.36	3.89	1.47	28.87	7.95	20.92	13.77	5.08	8.69
50-54 (2006) 65-69 (2021) 75-79 (2031)	38.19	36.49	1.70	8.92	8.35	0.57	7.08	5.27	1.80	4.88	3.73	1.16	27.59	8.65	18.93	13.21	5.37	7.84
55-59 (2006) 70-74 (2021) 80-84 (2031)	39.95	38.60	1.35	9.42	8.83	0.58	6.72	5.17	1.55	4.66	3.58	1.08	27.11	9.71	17.39	12.03	5.28	6.75
60-64 (2006) 75-79 (2021) 85+ (2031)	39.56	38.34	1.23	9.33	8.89	0.44	6.20	5.01	1.19	4.41	3.52	0.88	28.56	10.24	18.32	11.81	5.61	6.19
65-69 (2006) 80-84 (2021)	40.12	39.05	1.07	9.35	8.97	0.38	5.36	4.36	1.01	4.09	3.30	0.78	30.26	11.40	18.85	10.64	5.48	5.15
70-74 (2006) 85+ (2021)	41.06	40.27	0.79	9.94	9.63	0.31	4.93	4.13	0.81	3.52	3.05	0.47	31.59	12.56	19.02	8.81	4.62	4.19

Table A.4: Seniors Household Size by Age Cohort, 2006

Dwelling Type	Age Cohort Household Size (people per household) (2006)				
	65-69	70-74	75-79	80-84	85+
Total	1.71	1.67	1.52	1.44	1.39
Single detached	1.85	1.79	1.62	1.53	1.52
Single detached owned	1.86	1.79	1.62	1.52	1.52
Single detached rented	1.79	1.72	1.12	1.81	1.67
Semi-Detached	1.93	1.81	1.62	1.58	1.58
Semi-Detached owned	1.92	1.81	1.62	1.58	1.56
Semi-Detached rented	2.06	1.79	1.31	1.47	2.00
Row House	1.84	1.92	1.98	1.92	2.38
Row House owned	1.89	1.99	2.00	1.93	2.31
Row House rented	1.66	1.65	1.09	1.90	3.00
Duplex	1.87	1.99	1.70	1.75	1.74
Duplex owned	1.91	2.04	1.74	1.73	1.74
Duplex rented	1.71	1.76	1.69	1.88	1.81
Apartment over five storeys	1.50	1.46	1.36	1.27	1.20
Apartment over five storeys owned	1.70	1.61	1.47	1.37	1.33
Apartment over five storeys rented	1.41	1.37	1.30	1.22	1.14
Apartment less than five storeys	1.57	1.59	1.50	1.46	1.43
Apartment less than five storeys owned	1.79	1.84	1.67	1.61	1.77
Apartment less than five storeys rented	1.38	1.39	1.18	1.33	1.23

Table A.5: Senior Housing Demand (total number of people) 2021

Age Cohort in 2021	2021 Population Projections	Single-detached house	Single-detached house owned	Single-detached house Rented	Semi-detached house	Semi-detached house owned	Semi-detached house rented	Row House	Row House Owned	Row House Rented	Duplex	Duplex Owned	Duplex Rented	Apartment over five storeys	Apartment over five storeys owned	Apartment over five storeys rented	Apartment five storeys and less	Apartment five storeys and less owned	Apartment five storeys rented
65-69	142,814	54,545	52,120	2,425	12,740	11,930	810	10,104	7,529	2,575	6,976	5,326	1,654	39,397	12,358	27,039	18,872	7,675	11,193
70-74	119,925	47,914	46,292	1,623	11,292	10,592	701	8,059	6,195	1,864	5,593	4,294	1,299	32,508	11,649	20,860	14,423	6,334	8,092
75-79	82,335	32,574	31,563	1,011	7,682	7,316	366	5,103	4,123	980	3,627	2,899	725	23,511	8,430	15,085	9,723	4,619	5,100
80-84	61,391	24,633	23,973	659	5,738	5,506	232	3,293	2,674	623	2,508	2,028	477	18,576	7,001	11,573	6,530	3,366	3,161
85+	75,191	30,869	30,279	590	7,472	7,237	234	3,709	3,105	608	2,650	2,294	356	23,749	9,446	14,304	6,625	3,474	3,150
Total	481,656	190,535	184,227	6,308	44,924	42,581	2,343	30,269	23,626	6,651	21,354	16,841	4,511	137,742	48,883	88,860	56,171	25,469	30,695

Table A.6: Senior Housing Demand (total number of people) 2031

Age Cohort in 2031	2031 Population Projections	Single-detached house	Single-detached house owned	Single-detached house Rented	Semi-detached house	Semi-detached house owned	Semi-detached house rented	Row House	Row House Owned	Row House Rented	Duplex	Duplex Owned	Duplex Rented	Apartment over five storeys	Apartment over five storeys owned	Apartment over five storeys rented	Apartment five storeys and less	Apartment five storeys and less owned	Apartment five storeys rented
65-69	180,123	56,717	53,177	3,540	16,418	14,982	1,437	12,414	8,628	3,785	9,872	6,977	2,895	56,421	14,874	41,542	28,053	9,613	18,440
70-74	158,691	55,853	53,072	2,780	14,469	13,362	1,106	11,978	8,452	3,530	8,502	6,178	2,329	45,809	12,617	33,192	21,848	8,067	13,785
75-79	125,913	48,090	45,952	2,138	11,232	10,518	714	8,909	6,638	2,271	6,151	4,696	1,458	34,735	10,896	23,839	16,638	6,766	9,868
80-84	95,476	38,146	36,854	1,292	8,990	8,432	558	6,416	4,932	1,484	4,453	3,419	1,034	25,881	9,274	16,607	11,482	5,043	6,442
85+	95,880	37,933	36,756	1,177	8,946	8,519	426	5,943	4,802	1,142	4,224	3,376	844	27,379	9,816	17,567	11,322	5,379	5,939
Total	656,082	236,739	225,811	10,927	60,055	55,813	4,241	45,660	33,453	12,212	33,201	24,645	8,560	190,224	57,477	132,748	89,344	34,869	54,474

Table A.7: Senior housing demand by number of dwellings (2021)

Age Cohort in 2021	Single Detached House	Single detached owned	Single detached rented	Semi-detached houses	Semi-detached houses owned	Semi-detached houses rented	Row House	Row House owned	Row House rented	Duplex	Duplex owned	Duplex rented	Apartment over five storeys	Apartment over five storeys owned	Apartment over five storeys rented	Apartment five storeys or less	Apartment five storeys or less owned	Apartment five storeys or less rented
65-69	29,437	28,091	1,353	6,605	6,202	393	5,479	3,974	1,548	3,732	2,794	965	26,195	7,270	19,236	12,026	4,283	5,853
70-74	26,800	25,878	941	6,252	5,863	391	4,201	3,120	1,132	2,806	2,109	740	22,269	7,230	15,181	9,046	3,451	5,812
75-79	20,142	19,477	904	4,751	5,863	279	2,582	2,057	903	2,131	1,670	429	17,350	5,737	11,627	6,487	2,761	4,332
80-84	16,124	15,732	364	3,630	3,474	158	1,720	1,388	328	1,433	1,173	253	14,572	5,100	9,514	4,465	2,094	2,379
85+	20,289	19,945	354	4,734	4,631	117	1,560	1,343	203	1,519	1,316	196	19,764	7,124	12,536	4,628	1,964	2,561
Total	112,793	109,123	3,916	25,973	26,033	1,339	15,542	11,882	4,115	11,622	9,062	2,583	100,149	32,461	68,095	36,652	14,552	20,936

Table A.8: Senior housing demand by number of dwellings (2031)

Age Cohort in 2031	Single Detached House	Single detached owned	Single detached rented	Semi-detached houses	Semi-detached houses owned	Semi-detached houses rented	Row House	Row House owned	Row House rented	Duplex	Duplex owned	Duplex rented	Apartment over five storeys	Apartment over five storeys owned	Apartment over five storeys rented	Apartment five storeys or less	Apartment five storeys or less owned	Apartment five storeys or less rented
65-69	30,609	28,661	1,975	8,512	7,788	698	6,731	4,555	2,275	5,281	3,659	1,689	37,513	8,750	29,554	17,877	5,365	13,337
70-74	31,240	29,668	1,613	8,011	7,397	617	6,244	4,257	2,144	4,266	3,034	1,326	31,380	7,831	24,157	13,703	4,395	9,900
75-79	26,898	25,688	1,241	6,219	5,822	398	4,644	3,343	1,379	3,086	2,307	831	23,794	6,763	17,350	10,436	3,686	7,087
80-84	21,336	20,602	749	4,978	4,668	311	3,345	2,484	902	2,234	1,679	589	17,729	5,756	12,086	7,202	2,747	4,627
85+	21,217	20,547	683	4,953	4,716	238	3,098	2,418	693	2,119	1,658	481	18,755	6,093	12,785	7,101	2,930	4,265
Total	131,302	125,166	6,260	32,673	30,391	2,262	24,062	17,057	7,393	16,986	12,337	4,915	129,170	35,193	95,933	56,319	19,123	39,216

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GLOSSARY

Baby Boom The Baby Boomer population refers to the generation of children born after WW2 between 1946 and 1964.

Seniors The term *Senior* corresponds to the age criteria used by the City of Toronto, which defines a senior as a person 65 years or older (Statistics Canada 2006). *Senior* is often used interchangeably with other terms in this report, including, 'elder' and 'retired'.

Housing The term *Housing* is defined as “a physical structure within which a self-selected household lives. It is a place in which the basic human activities of sleeping, eating, washing, storage of possessions, social contact, recreation, and care within the self-selected household take place” (Heywood, 2001, p. 3).

Ageing-in-Place refers to the experience of people living in their own homes as they age. The ability to successfully age in place is affected by changes in health, family and economic circumstance (City of Toronto, 2006).

Private Dwelling refers to an occupied residential unit that is either owner or rented. Occupants living within this housing option may be related or unrelated.

Collective Dwelling A collective dwelling refers to a dwelling unit within a commercial, institutional or communal setting.

Retirement Homes As defined by the *Retirement Homes Act (RHA)*, a retirement home is a building that is occupied primarily by persons who are 65 or older, are occupied by at least six people not related to the operator and make available at least two of the thirteen care services set out in the Act. These include providing meals, assistance with bathing, personal hygiene, dressing or ambulation, providing a dementia care program, administering medicine, providing incontinence care or making available the services of a doctor, nurse or pharmacist (ORCA, 2013).

Long-Term Care Homes A long-term care home (or nursing home) offers a fully-supported living option for seniors who are not capable of managing their personal and daily needs. These facilities offer furnished accommodations, common areas, housekeeping services, medical care, assistance with daily living and recreational activities. Residents have access to 24-hour nursing and personal care services provided by medical professionals.

Income Replacement According to Statistics Canada, income replacement refers to the extent to which income earned during an individual's working years would be replaced by various income sources in retirement. Average rates are 1.1 among individuals in the bottom income quintile (whose income is more than replaced by public pensions and other transfers) and 0.7 in the top quintile (LaRochelle-Cote, Myles & Picot, July 2010)

Low Income Cut-Off (LICO) According to Statistics Canada, Low Income Cut-off (LICO) is a measurement for describing low income and is considered to be the income threshold at which families and individuals can reasonably be expected to be living in poverty. The LICO is based on an analysis of income and expenditures derived from annual surveys of income and family expenditure. Toronto's LICOs in 2005 ranges between \$20,778 for a single person to almost \$44,000 for a family of five (City of Toronto, 2006).

Old Age Security (OAS) is a monthly payment available to most seniors aged 65 and older who meet the legal status and residence requirements. If you meet the eligibility requirements, you can receive the OAS pension even if you are still working or have never worked.

Guaranteed Income Supplement (GIS) The Guaranteed Income Supplement provides additional money, on top of the Old Age Security pension, to low-income seniors living in Canada. To be eligible for the GIS benefit, you must be receiving the Old Age Security pension and meet the income requirements explained below.

Pension Plan A defined contribution pension plan refers to a plan where the value of accumulated contributions is applied upon employee retirement to provide pension income. Employee benefits depend on investment profits and pension accrual rate (Gougeon, 2009).

Registered Retirement Savings Plans (RRSP) offer an incentive to save by exempting contributions to the plan from income taxation in the year they were earned.

Capture Rate refers to the total number of retirement home residents in a defined geographic area, for example a county, divided by the total number of persons living in that area who are most likely to live in this type of facility. CMHC has established the target age group as 75years and older (CMHC, 2013).

Capitalization Rate refers to the overall or non-financed return on a real estate investment (CCIM Institute, 2009). A cap rate is calculated as the relationship between net operating income and an asset's value, and is related to the current state of capital markets as well as future growth outlooks (CCIM Institute, 2009). Generally, the higher the cap rate, the riskier the real estate investment.

Employment Areas According to the City of Toronto Official Plan, Employment Areas are places of business and economic activities. Uses that support this function consist of: offices, manufacturing, warehousing, distribution, utilities, parks, and hotels, among other uses.

Section 37 Agreement Section 37 of the Planning Act permits the City to authorize increases in permitted height and/or density through the zoning bylaw in return for community benefits, provided that there are related Official Plan policies in place.